



*United States Attorney
District of New Jersey*



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CONTACT: Rebekah Carmichael
Office of Public Affairs
(973) 645-2888

**FORMER CHAIRMAN AND CEO OF HOME DIAGNOSTICS, INC.
AND COHORT INDICTED IN MULTI-STATE INSIDER TRADING SCHEME**

NEWARK, N.J. – A federal grand jury indicted former chairman and CEO George Holley of publicly-traded Home Diagnostics, Inc. today, along with a co-conspirator, for allegedly participating in an insider trading scheme, U.S. Attorney Paul J. Fishman announced.

The Indictment charges Holley, 70, of Norwalk, Conn., and Phairot Iamnaita, 28, of Hangdong, Chiang Mai, Thailand, each with one count of conspiracy to commit insider trading, three counts of securities fraud, and one count of wire fraud. The Indictment also charges Holley with an additional count of securities fraud and two counts of obstruction of justice, and seeks forfeiture of certain money identified as proceeds from the offenses.

Holley and Iamnaita were previously charged by Complaint with a count each of conspiracy to commit insider trading and surrendered to federal law enforcement officers on January 13, 2011. Holley and Iamnaita were released on \$3 million and \$1 million bonds, respectively.

The defendants will be arraigned on the Indictment on a date to be determined.

According to the Indictment:

In 2009 and 2010, Holley disclosed material, nonpublic information regarding the anticipated acquisition of Home Diagnostics, Inc. (“Home Diagnostics”) by Nipro Corporation (“Nipro”) to his close personal acquaintance and traveling companion Iamnaita, and to four other individuals, including one of Holley’s family members.

Holley was the founder and Chairman of the Board of Home Diagnostics, and had previously served as the company’s president and CEO. Home Diagnostics, based in Ft. Lauderdale, Fla., sold diabetes management products, and its stock was publicly traded on the NASDAQ stock exchange.

Around June 2009, representatives of Nipro – a Tokyo-based company engaged in the business of developing, manufacturing and selling pharmaceutical products and medical devices – expressed interest in acquiring Home Diagnostics. From June 2009 through February 2010, representatives of Nipro and Home Diagnostics were engaged in negotiations. As Chairman of the Board, Holley was routinely updated on the status of these negotiations.

On February 3, 2010, Home Diagnostics publicly announced that Nipro had agreed to acquire all outstanding shares of Home Diagnostics' common stock for a purchase price of approximately \$215 million. Following the announcement, shares of Home Diagnostics rose 89 percent.

In the weeks leading up to the public announcement of the acquisition, Holley illegally tipped at least four individuals, including Iamnaita and other friends and associates, about the possibility of the acquisition – telling them about the negotiations, that a deal was likely, and that it was a good time to buy Home Diagnostics' stock. Holley told an employee at another company he controlled that the employee should consider this inside information his bonus.

As a result of the inside information disclosed to them by Holley, Iamnaita and others, these "tippees" were able to purchase more than 58,000 shares of Home Diagnostics' stock in advance of the acquisition by Nipro, and reaped more than \$290,000 in illicit profits.

In an attempt to cover up the insider trading conspiracy, Holley directed several of the persons he tipped to falsely claim, if questioned, that they bought Home Diagnostics stock based on their own research. Holley sent them copies of analyst and news reports regarding Home Diagnostics, which predated the public announcement of the acquisition, to provide an alibi for the stock purchases. Holley sent one such set of documents to a tippee the day after the investor had been approached by the FBI.

The charge of conspiracy to commit insider trading carries a maximum potential penalty of five years in prison. The charges of securities fraud, wire fraud, and obstruction of justice each carry a maximum potential penalty of 20 years in prison. The securities fraud counts each carry a maximum fine of \$5 million; each of the remaining counts carry a maximum fine of \$250,000 or twice the aggregate loss to the victims or gain to the defendants.

U.S. Attorney Fishman credited special agents of the FBI, under the direction of Special Agent in Charge Michael B. Ward, in Newark, with the ongoing investigation leading to the Indictment. He also thanked the U.S. Securities and Exchange Commission's Division of Enforcement in Washington, D.C., for its assistance.

The government is represented by Assistant U.S. Attorneys Justin W. Arnold and Christopher J. Kelly of the U.S. Attorney's Office Economic Crimes Unit in Newark.

The charge and allegations contained in the Indictment are merely accusations, and the defendants are presumed innocent unless and until proven guilty.

This case was brought in coordination with President Barack Obama's Financial Fraud Enforcement Task Force. President Obama established the interagency Financial Fraud Enforcement Task Force to wage an aggressive, coordinated, and proactive effort to investigate

and prosecute financial crimes. The task force includes representatives from a broad range of federal agencies, regulatory authorities, inspectors general, and state and local law enforcement who, working together, bring to bear a powerful array of criminal and civil enforcement resources. The task force is working to improve efforts across the federal executive branch, and with state and local partners, to investigate and prosecute significant financial crimes, ensure just and effective punishment for those who perpetrate financial crimes, combat discrimination in the lending and financial markets, and recover proceeds for victims of financial crimes.

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Defense counsel:

Holley: Kevin H. Marino, Chatham, N.J.

Iamnaita: Michael Critchley, Roseland, N.J.